

STATE SCHOOL AID UPDATE

Michigan Department of Education



February 2013

Vol. 21 No. 5

FEBRUARY PAYMENT INFORMATION

The February state school aid payment is the fifth regular payment of FY 2013. The payment will be electronically transferred to the districts' accounts on Wednesday, February, 20, 2013.

Updated categoricals - The following categoricals were updated in the February payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- Great Start Readiness - Section 32d (Jan Fowler, Early Childhood Education and Family Services, (517) 241-4741, FowlerJ2@Michigan.gov)
- Educator Evaluation Training Grants – Section 95 (Carla Howe, Bureau of Assessment and Accountability, (517) 241-2884, HoweC2@Michigan.gov)
- Vocational Education Administration – Section 61a(2) (Joanne Mahoney, Career and Technical Education, (517) 335-0405, MahonyJ@Michigan.gov)
- Technology Infrastructure Improvement Grants – Section 22i (Bruce Umpstead – Education Improvement and Innovation – (517) 373-3186, UmpsteadB@Michigan.gov)

STATE SCHOOL AID FINANCIAL STATUS REPORTS

The following is a new URL for the State School Aid Financial Status Reports that you may wish to add to your "favorites."

<http://mdoe.state.mi.us/SAMSStatusReports/StatusReport.aspx>

Otherwise, you can go to www.michigan.gov/sasf and find them under "What's New."

ADDITIONAL FY 2012 SECTION 56 FUNDS PAID

The FY 2012 Section 56 Special Education Millage Equalization appropriation was insufficient to allocate to Intermediate School Districts (ISDs) 100% of their eligible grants. Consequently, the grant amounts were prorated to approximately 87%. During the FY 2012 book closing, additional funds were transferred to the Special Education Millage Equalization account to cover the proration. As a result of that transfer, an additional \$5.4 million is being distributed to eligible ISDs in the February payment. These funds appear in the section of the Financial Status Report labeled "Prior Year Adjustment" and are referenced as "56 2012 Spec. Ed. Millage Equalization."

EXECUTIVE BUDGET RECOMMENDATION FOR 2013-2014

On February 7, 2013, Governor Snyder's Executive Budget Recommendation for FY 2014 was presented to the legislature. The following are some highlights of the provisions of the K-12 budget portion of the Governor's proposal.

- The per pupil **Foundation Grants for FY 2014 would be equal to the FY 2013 Foundation Grants**. The minimum foundation grant for FY 2014 would remain at \$6,966 per pupil with the maximum state guaranteed foundation remaining at \$8,019.
- A **new Section 22c** would allocate \$24 million to make **equity payments of up to \$34 dollars per pupil**. The per pupil equity payment would be equal to \$7,000 minus the district's per pupil foundation grant.
- The **Section 22f Best Practices** appropriation would be \$25 million and paid out at a rate of \$16 per pupil. Districts would continue to need to meet 7 of the same 8 Best Practices that are currently in statute:
 - If a district provides health care benefits to employees, the district is the policyholder.
 - The district participates in schools of choice under Sections 105 or 105c of the State School Aid Act.
 - The district monitors individual academic growth at least twice a year and reports the results to the student and parent/guardian.
 - The district supports opportunities for students to receive postsecondary credit while attending high school.
 - The district offers online instructional programs or blended learning opportunities to eligible pupils.
 - The district provides a dashboard or report card that demonstrates the district's efforts to manage its fiscal responsibilities to parents and community members.
 - The district obtains competitive bids for a noninstructional service for FY 2014.
 - The district provides Physical Education or Health Education consistent with State Board policies.

Some of the specific language related to the Best Practices above would be amended by the Governor's proposal. For example, Voluntary Employee Beneficiary Associations (VEBAs) could now qualify under the health benefit policyholder requirement. Also, the financial information dashboard would be expanded to include such things as revenue and expenditure projections for the current and subsequent school years, a listing of all debt service obligations, and a listing of total outstanding debt.

- The **Section 22j Performance-Based funding** would be maintained at \$30 million and go to districts that meet certain academic thresholds determined by the Department that are based on growth on student test scores. A maximum of \$100 for each pupil in membership could be earned under the student performance funding as follows:
 - \$30 per pupil based on pupil performance on state assessments in mathematics in grades 3 to 8.
 - \$30 per pupil based on pupil performance on state assessments in reading in grades 3 to 8.
 - \$40 per pupil based on high school improvement over a 4-year period in the percentage of high school pupils testing as proficient in all tested subject areas on the state assessments of high school students.
- The Executive Recommendation for FY 2014 would maintain the **Section 81 Intermediate School District (ISD) General Operations** funding at \$62.1 million with an additional \$2 million available for ISDs meeting 5 out of 6 best practices criteria as follow:
 - The ISD enters into a Service Consolidation Agreement with the Department that meets certain criteria.
 - The ISD has obtained competitive bids on the provision of 1 or more non-instructional services with a value of \$50,000 or more for the ISD or its constituent districts.
 - The ISD develops a technology plan on behalf of all its constituent districts that integrates technology into the classroom and prepares teachers to use digital technology.
 - The ISD provides a dashboard or report card that demonstrates the ISD's efforts to manage its fiscal responsibilities to parents and community members.
 - The ISD works in a consortium with one or more ISDs to develop information management system requirements and bid specifications that can be used as statewide models.
 - The ISD is the policyholder for health care benefits.
- The **Section 32d Great Start Readiness** funding would be **increased by \$65 million** from \$109.3 million to \$174.3 million to fund an additional 16,000 half-day placements. The reimbursement for half-day placements in the program would go from \$3,400 to \$3,625.
- In addition to the \$155 million in MPSERS Cost offset funds that are retained in the proposal and that go directly to districts, the proposal would allocate **an additional \$242.8 million** to Section 147c for **MPSERS Reform** costs that would go directly to the retirement service to cover the unfunded accrued liability above the cap of 20.96%.

The summary provided above should not be considered a complete description of the content of the executive proposal. Also, please be advised that changes are likely as the budget makes its way through the legislative process. Additional information and details on the executive budget proposal can be found at www.Michigan.gov/budget. Click on "Executive Budget Bill-State Education Funding Act."

SPECIAL EDUCATION COSTS UPDATED

The February payment was calculated with updated special education and special education transportation cost figures for many districts. The figures now being used are the costs reported for FY 2012. In addition to affecting the current year Section 51c- Special Education Headlee amount, this update may cause adjustments to the current year Section 22b - Discretionary Payment as well as causing prior year adjustments for FY 2012 Section 51c and possibly FY 2012 Section 22b. Questions concerning these changes may be directed to Dianne Easterling, (517) 241-1235, EasterlingD@Michigan.gov.

GENERAL INFORMATION

- March 20 is the deadline for ISDs to submit to the Center for Educational Performance and Information (CEPI) the Audited FTE Counts for the October 3, 2012 pupil membership count day.
- February 13 was the FY 2012 Supplemental count date. The Michigan Student Data System (MSDS) records for the Supplemental count date are due to the Center for Educational Performance and Information (CEPI) by March 20, 2013 and are to be certified by March 27, 2013.
- The proration factor for Section 31a- At Risk funding is \$304.8953709929 per pupil.
- The Headlee Obligation for Data Collection funds are being paid at a rate of 24.5018752102 per pupil.

Do you have questions about the information appearing in this UPDATE? Call the consultant identified above or **Dan Hanrahan, Director, State Aid & School Finance, MDE**, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@Michigan.gov.